

U.S. Firms Accelerate Capital Expenditures Abroad

A notable expansion in foreign investment by U.S. firms is now underway, and a sustained high level is indicated for 1965, according to the latest OBE survey of foreign investment plans.¹ For 1964, companies have projected expenditures of \$5.9 billion on plant and equipment abroad—a 16-percent gain over 1963 and more than in any year since these surveys began in 1957. For 1963, these expenditures are now reported at \$5.1 billion, slightly higher than was anticipated in the reports submitted last year.

The projections made for the period two years ahead have usually been quite low for manufacturing operations. Although the 1965 level as reported is somewhat below the 1964 amount, an upward correction of the size indicated for 1963–64 (see chart on page 6) would more than offset the apparent decline. For other major industries there is not so clear cut a tendency in the 2-year ahead projections, but in any case the reports indicate a strong rate of investment in 1965.

This heightened investment activity in manufacturing came as sales of foreign manufacturing affiliates are also scoring significant gains. Total sales for 1963 reached \$31.3 billion, a 13-percent increase over 1962 and the most rapid upswing yet reported.² Higher sales were experienced in all product lines and nearly all foreign areas; the greatest gains were in the transportation equipment industry (largely automobiles) and in European operations. Virtually none of the increase in sales of the foreign affiliates represented higher exports back to the United States.

Another significant feature of the foreign operations of U.S. companies in

1963 was the sharp rise in the funds used.³ The increase of \$1.6 billion, about 28 percent, came from a \$0.6-billion gain in internal cash flows (retained earnings and depreciation), a major increase of \$0.6 billion in external financing from foreign sources, and a rise of \$0.4 billion in funds from U.S. sources. Increased plant and equipment expenditures in 1963 for the three major industries absorbed \$0.4 billion of the increased flow of funds, but the major part of the increase was used to finance working capital and the acquisition of other assets.

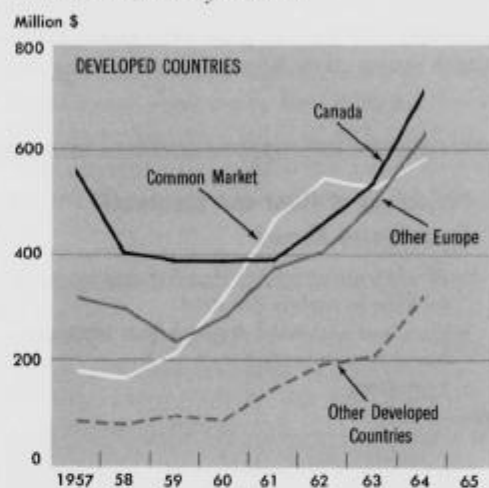
If, in addition to the projected sharp increase in fixed investment, the flow of working capital required by the foreign affiliates should rise further in 1964, a severe strain on their financial resources would result. With tighter monetary policies in many foreign countries limiting the availability of external financing abroad, which was so large a factor in 1963, an enlarged flow of funds from the United States is indicated. Data available on direct investment capital outflows for the first half of 1964, however, do not yet show any significant change in the rate compared to 1963.

Plant and Equipment Expenditures

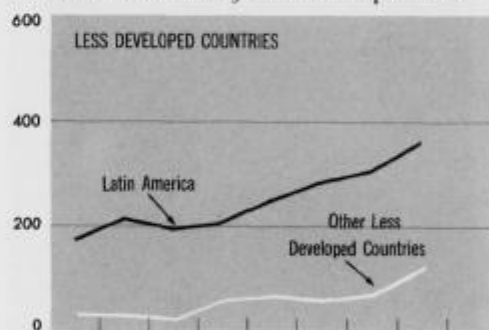
American industry is now engaged in raising both domestic and foreign capital expenditures by very large amounts. For all industries the 16-percent increase in foreign outlays projected for 1964 may be compared with an expected domestic increase of 13 percent. For manufacturing operations alone (excluding petroleum refining) there is a marked difference in investment

Capital Expenditures Abroad by U.S. Manufacturing Companies

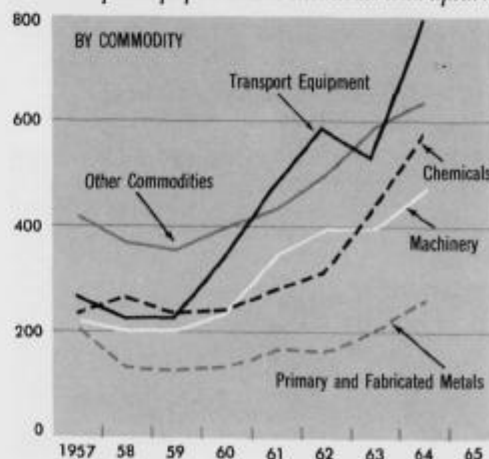
Major advances indicated for developed countries, notably Canada



Moderate increases for less developed areas



Transport equipment and chemicals lead upturn



¹ For a description of the survey and its coverage see the methodology note at the end of the article.

² A small part of the increase in sales represented the inclusion of 1963 figures and the exclusion of 1962 data of previously existing foreign firms acquired by U.S. companies.

³ Data for sources and uses of funds are tabulated only for the manufacturing, petroleum and mining industries, which are the major sectors for U.S. foreign investments.

rates: foreign expenditures are scheduled to rise 26 percent while domestic plant and equipment expenditures are expected to advance 16 percent this year.

Strong rise in Europe

A further substantial step-up in European investment of U.S. firms is already evident in 1964, continuing the path of rapid expansion begun in the late 1950's. Not only are expenditures of affiliates for new plant and equipment greater, but in the past few years large sums have also been spent to acquire

stock in existing enterprises. The latter type of investment appears immediately as a capital outflow in the balance of payments accounts, and the capital outlays of the newly-acquired firms subsequently become part of the series on plant and equipment expenditures of foreign affiliates.

While many factors affect the individual investment decisions of the firms, the principal considerations influencing the European expansion are probably the expectation of a strong rate of economic growth—without too much concern with temporary setbacks in one country or another—and great financial strength of both the parent companies and many of the European affiliates themselves.

Most of the increase in capital expenditures in Europe in 1964 is scheduled for manufacturing operations, especially for motor vehicles, machinery, and chemicals. Petroleum companies had raised their European investments to a peak rate in 1963, constructing the refineries and distribution facilities needed for rapidly expanding demand and also developing some local gas and oil resources. A similar pace is being maintained in 1964, though there is considerable shifting among countries, and no significant change from this relatively high level is indicated for 1965. However, a new development as yet reflected only to a minor extent in these figures is the exploration and development of oil reserves that may be found under the North Sea. This search will be very active in 1965, and will cause sizable increases in either plant and equipment expenditures or charges against earnings for the costs of exploration. Affiliates in the trade and distribution industries are also making substantial capital expenditures in Europe, and they have scheduled substantially higher rates of investment in 1964 and 1965.

Among the countries of Europe, the United Kingdom is slated for the largest rise in 1964 capital expenditures, led by expansions in motor vehicles and chemicals; outlays are expected to continue high in 1965. Germany is receiving most of the increase in manufacturing investment in the Common Market, but German petroleum investment is less than in the past few years.

Canadian outlays high

This year U.S. firms expect capital outlays for manufacturing in Canada to reach \$710 million, a striking upward revision from last year's projection of \$434 million for 1964. The new estimate would represent a one-third gain over 1963 outlays. The revision of plans cut across several major industries and was much greater than in prior years; it suggests stronger expectations of continued growth in the Canadian economy and in foreign markets for some of these manufactures. Recent actions of the Canadian government rescinding proposed tax increases and providing credit against certain import duties when exports of automotive components are increased, may also have induced some investments. This is also indicated by the high projection of relatively high investment in the transportation equipment industry for 1965.

Petroleum and mining investments are also important in Canada. The projections for the former show a small dip in 1964 and a recovery in 1965 to a substantial level, though not so high as was experienced when new fields were being opened up in the 1950's. Some new mineral deposits are now under development in Canada, and capital expenditures in the mining industry are likely to be well sustained.

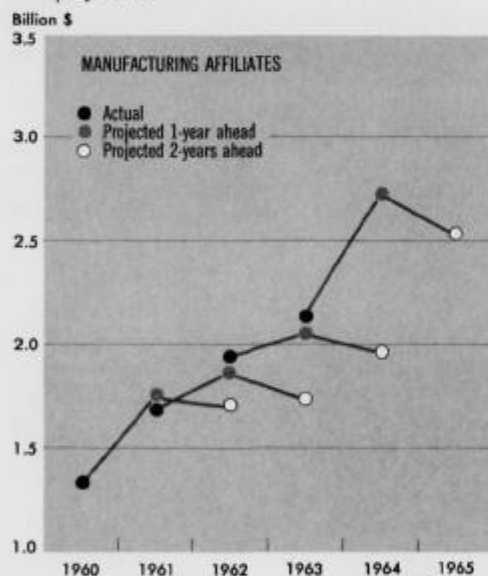
Rising outlays in other developed countries

In each of the other major developed countries—Australia, Japan, and the Union of South Africa—there is considerably heightened investment activity by U.S. companies in 1964 and a similar scale of activity has been projected for 1965. Manufacturing investments in Australia are at a record rate, owing largely to the expansion of the auto industry, and to the increase in manufacturing facilities of aluminum producers. The automobile industry is also responsible for much of the recent investment advance in South Africa.

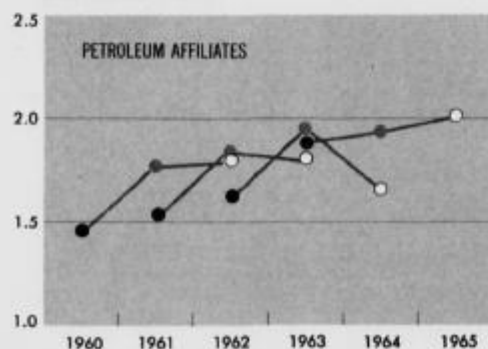
Outlays by petroleum companies for refinery construction are high and rising in Japan; in Australia also the industry is spending considerable amounts, including some to develop reserves. Mining investments in the

Projections of Plant and Equipment Expenditures Abroad

- Manufacturing affiliates project major increase in outlays for 1964
- Sustained high level suggested for 1965, based on past performance of 2-year projections



Petroleum projections also show strong investments ahead



Union of South Africa and Australia are fairly sizable and are showing moderate increases.

Scattered gains in less-developed countries

Capital expenditures by U.S. companies in the less-developed countries of the world are projected to move somewhat higher in 1964, but their share of the total would remain at nearly 30 percent. Sizable gains, are limited to relatively few countries.

In the Latin American Republics, manufacturing investments are up considerably, centered on a record expansion in Mexico with small improvements in most other countries. Larger automotive investments were induced by measures in Mexico and other countries to restrict imports, and investments in chemicals were also raised considerably. Reductions now projected for 1965 may be moderated, given a greater degree of political stability in the larger countries of the area. Petroleum investments

appear to have stabilized in the range of \$250-300 million annually. It also appears that mining investments will be held at their current relatively low levels, unless there is a significant change in policy in some countries.

Other areas in the Western Hemisphere, primarily dependencies or former dependencies of European countries, have been attracting substantial investments in recent years. Mining in Surinam and Jamaica, petroleum in Trinidad, and manufacturing in Trinidad and the Bahamas, all involve large capital outlays by U.S. firms.

For the less-developed countries of Africa, by far the most important investment by U.S. companies is in the petroleum industry in North Africa, mainly in Libya. Petroleum investments also predominate among U.S. investments in the less-developed countries of Asia. In the Middle East there has been a steady though moderate increase in capital outlays for some time, for the extension and development of existing and new fields and the rising level of output needed to meet world demand. A sizable volume of investment in Far Eastern countries, especially India and the Philippine Republic, has been required to construct oil refineries and distribution facilities.

There are a few instances of gains in manufacturing investments in these less-developed areas; they include the construction of aluminum producing facilities in West Africa, and somewhat higher capital expenditures in India and the Philippine Republic.

Exploration and development expenditures

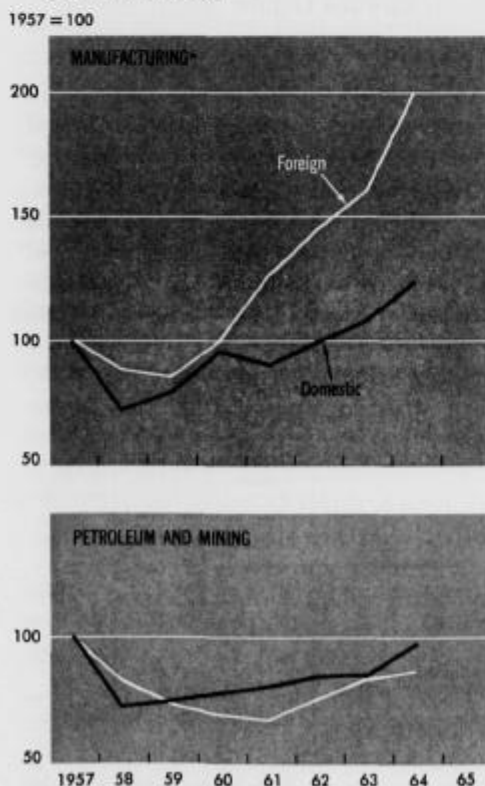
An important part of investment activity for the extractive industries is accounted for by charges against earnings. In 1963 these charges were

\$480 million, about \$70 million more than was spent in 1962. Most of the expenditures were by petroleum companies, who carried out substantial development programs in Canada and Latin America, and who raised their expenditures in Europe, Africa and the Middle East. Details are shown in the preceding table.

Foreign Plants Raise Output

Reflecting the rapid buildup of production facilities, and the acquisition of some existing companies, sales of the foreign manufacturing affiliates of U.S. firms grew vigorously in 1963, advancing 13 percent to a total of \$31.3 billion. The absolute increase over 1962 was a record \$3.6 billion, of which \$1.3 billion

Capital Expenditures by U.S. Companies Here and Abroad



U.S. Department of Commerce, Office of Business Economics

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Exploration and Development Expenditures Charged Against Incomes, 1962 and 1963

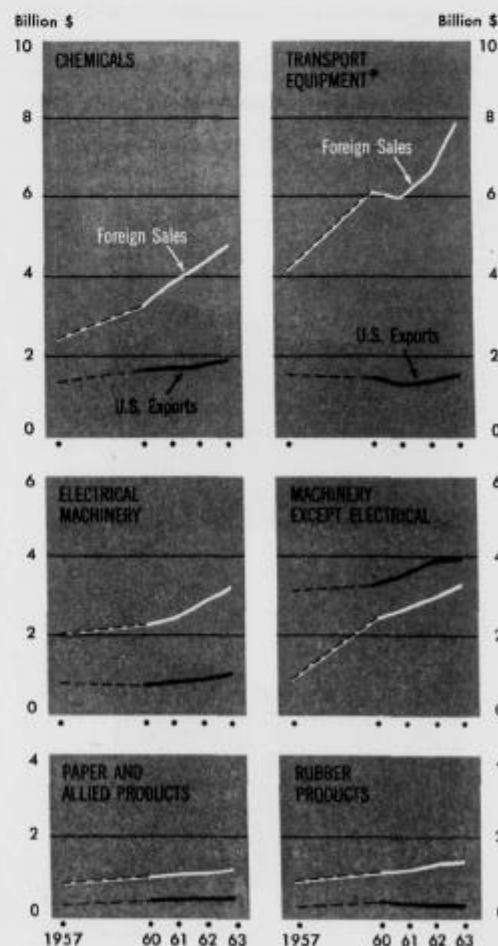
(Millions of dollars)

| | Total | | Petroleum | | Mining | |
|--------------------|-------|------|-----------|------|--------|------|
| | 1962 | 1963 | 1962 | 1963 | 1962 | 1963 |
| All areas..... | 411 | 483 | 371 | 451 | 40 | 32 |
| Canada..... | 157 | 172 | 127 | 150 | 30 | 22 |
| Latin America..... | 93 | 100 | 87 | 94 | 6 | 6 |
| Europe..... | 20 | 28 | 20 | 28 | (*) | (*) |
| Other areas..... | 141 | 183 | 137 | 179 | 4 | 4 |

*Less than \$500,000.

Exports and Foreign Sales

For most major manufactures, sales by foreign plants are larger and faster growing than exports from the U.S.



U.S. Department of Commerce, Office of Business Economics

64-10-7

was accounted for by the fast-growing transportation equipment industry. Sales of each of the other manufacturing industries also rose substantially in 1963.

Half of the sales increase in 1963 was registered by European plants, led by a 25 percent jump in sales of automobiles and parts and sizable gains in chemicals and electrical machinery. The rate of increase in manufacturing sales accelerated in most of the European countries, and was outstanding in Italy, France and Germany. The largest absolute gains were nearly \$500 million for Germany and \$700 million for the United Kingdom. In all cases, the sales of U.S. affiliates increased very much faster than overall industrial production, which also registered strong gains in most countries of the area.

Sales of Canadian plants also turned up sharply, sharing in the rise in Canadian industrial production, and exceeded \$10 billion in 1963. Here, as in other areas, a considerable part of

the sales gain was in the transportation equipment industry.

Among the other developed countries the largest increases were in Australia and Japan, reflecting the intensive investment activity of recent years.

In the less-developed countries, there was comparatively little expansion of output by U.S. manufacturing plants. In Latin America the increase was about 7 percent, mainly in food products and chemicals, and in some categories sales were lower. Mexico and Venezuela showed substantial improvement, and Argentina recovered from the dip in 1962. Only minimal increases in the dollar value of sales occurred in Brazil, but the change in volume of sales is not clear because of the very sharp change in exchange rates and general price indexes.

Since 1957 the rate of increase in sales of manufacturing affiliates has been about the same in less-developed countries as in the industrialized countries—about 70 percent. In dollar terms they have accounted for only about \$2 billion of the \$13-billion rise in sales over the period. Moreover, three-fourths of the sales gain in the less-developed countries has been in a few larger countries in Latin America.

Participation in foreign trade

Most sales of manufactures by foreign affiliates—82 percent—are made in the same countries in which the plants are located. Of the \$5.5 billion exported in 1963, \$1 billion came to the United States and \$4.5 billion was exported to third countries abroad. Export sales by these firms now account for approximately 10 percent of all exports of manufactured goods by countries other than the United States. For some goods, including chemicals, paper and related products, food items, and rubber products, the proportion is somewhat higher than this, and for transportation equipment the foreign affiliates account for about 15 percent of all foreign exports.

Exports to the United States did not rise materially in 1963 (table 7), and are not much different from the 1957 amounts. Imports from Canada now account for 75 percent of the sales into the U.S. market; imports from Europe remain small and consist mainly of non-

electrical machinery and automobiles, and only food products and chemicals enter in sizable amounts from other areas.

Exports lag behind foreign production

Continuing the pattern of recent years, sales from foreign plants grew faster than exports from the United States in 1963 for major categories of manufactures. For the products shown in table 8, sales of foreign affiliates increased 14 percent while U.S. exports rose about 6 percent. For some items, especially chemicals and electrical machinery, exports performed well in 1963 compared to the experience since 1957, but did not match the growth of foreign sales in U.S.-owned plants abroad.

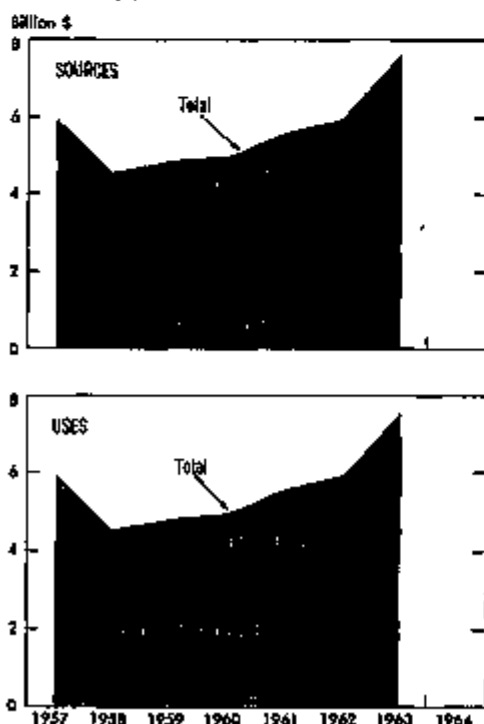
The disparity in growth rates is notable in Latin America, where U.S. exports of these manufactures declined during the 1957-63 period while local sales by affiliates rose. In Europe, both U.S. exports and sales of U.S. affiliates have been gaining as these countries have expanded their economies, but sales by affiliates have increased much faster. In the rest of the world the growth paths of exports and foreign sales since 1957 have shown similar upward trends.

Sales of mining affiliates

In contrast to the rapid increase in sales of manufacturing affiliates abroad from 1957 to 1963, the sales of mining affiliates have advanced only 20 percent. Since the prices of the major metals produced—copper, lead, zinc, iron ore, and bauxite—declined by approximately 10 percent in the period, the

Sources and Uses of Funds of Foreign Affiliates of U.S. Companies

U.S. funds a minor factor as financing rises sharply



Note: Includes only foreign affiliates in the mining, petroleum, and nonferrous metal industries. Total sources and uses are after deducting income paid out.

Sales of Mining Affiliates Abroad, Total and Exports, 1957 and 1963
(Millions of dollars)

| | Total sales | | Exported to U.S. | | Exported to other countries | |
|----------------------------------------------|-------------|-------|------------------|------|-----------------------------|-------|
| | 1957 | 1963 | 1957 | 1963 | 1957 | 1963 |
| All areas, total..... | 2,082 | 2,442 | 898 | 962 | 809 | 1,008 |
| Canada..... | 740 | 1,000 | 400 | 445 | 210 | 300 |
| Latin America, total..... | 920 | 963 | 453 | 452 | 443 | 389 |
| Mexico, Central America and West Indies..... | 223 | 228 | 112 | 123 | 44 | 20 |
| South America..... | 694 | 735 | 341 | 329 | 321 | 267 |
| Other Western Hemisphere..... | 111 | 120 | 63 | 102 | 45 | 17 |
| Europe..... | 78 | 80 | 1 | 2 | 48 | 38 |
| Africa..... | 236 | 285 | 77 | 87 | 112 | 244 |
| Asia and Oceania..... | 65 | 104 | 14 | 8 | 20 | 37 |

* West Indies includes Cuba, Haiti and Dominican Republic in 1957, but excludes Cuba in 1963.

gain of output in physical quantities was roughly one-third.

Most of the increase in mining sales has been in Canada, accounted for largely by new iron ore producers. In Africa there have been increases in iron ore, and in Latin America sales of the copper-lead-zinc group, and of bauxite, have risen. With new production facilities being installed abroad by U.S. companies, and an upward movement of prices since 1963, sales of these affiliates should move ahead at a somewhat faster pace.

Sources and Uses of Funds

Last year foreign affiliates of U.S. companies raised their use of funds by over \$1.6 billion, far more than in any other year since 1957, as they utilized nearly \$7.6 billion of financing. These figures cover firms in the mining, petroleum and manufacturing industries, and are after deducting \$2.8 billion of income distributions. Manufacturing affiliates stepped up their financing to record amounts and petroleum affiliates approached their 1957 peak.

Of the \$1.6 billion increase in funds utilized, \$4 billion came from retained earnings, \$2 billion from depreciation charges, nearly \$4 billion from U.S. sources, including both parent companies and others, and over \$5 billion from external sources abroad.

Manufacturing affiliates in Canada and Europe accounted for the rise in retained earnings, as their incomes rose substantially while dividends were reduced. Petroleum affiliates were responsible for the rise in U.S.-source financing; some of these funds were needed to finance larger outlays connected with acquisitions of existing firms in Canada and reductions of tax and other liabilities of Latin American affiliates.

Intensified use of foreign-source external financing was a major factor in the financing of manufacturing and petroleum affiliates in 1963. In both cases the external financing occurred primarily in Europe.

The increase in foreign-source funds used in 1963 consisted very largely of higher liabilities in the form of accounts payable, tax and other accrued liabilities.

Table 1.—Plant and Equipment Expenditures of Direct Foreign Investments, Major Industries, 1957-65

(Millions of dollars)

| Area and Industry | 1957 | 1958 | 1959 | 1960 | 1961 | 1962* | 1963 | 1964* | 1965* |
|------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| All areas, total: | 4,819 | 4,097 | 3,705 | 3,729 | 4,122 | 4,038 | 5,053 | 5,954 | 6,087 |
| Mining and smelting: | 421 | 420 | 437 | 420 | 312 | 428 | 308 | 431 | 410 |
| Petroleum: | 2,392 | 1,854 | 1,806 | 1,407 | 1,634 | 1,628 | 1,880 | 1,940 | 2,008 |
| Manufacturing: | 1,347 | 1,180 | 1,147 | 1,337 | 1,907 | 1,941 | 2,153 | 2,730 | 2,833 |
| Trade: | 186 | 181 | 196 | 206 | 267 | 284 | 354 | 440 | 405 |
| Other industries: | 543 | 452 | 345 | 353 | 273 | 287 | 204 | 317 | 277 |
| Canada, total: | 1,533 | 1,311 | 1,179 | 1,359 | 1,016 | 1,103 | 1,272 | 1,457 | 1,467 |
| Mining and smelting: | 103 | 172 | 240 | 290 | 105 | 245 | 105 | 224 | 232 |
| Petroleum: | 584 | 510 | 380 | 300 | 315 | 300 | 370 | 300 | 300 |
| Manufacturing: | 541 | 404 | 389 | 384 | 385 | 458 | 533 | 710 | 657 |
| Trade: | 47 | 65 | 45 | 60 | 38 | 58 | 71 | 78 | 70 |
| Other industries: | 238 | 170 | 125 | 105 | 112 | 106 | 104 | 145 | 118 |
| Latin America, total: | 1,631 | 1,269 | 1,003 | 750 | 735 | 859 | 878 | 972 | 800 |
| Mining and smelting: | 216 | 221 | 147 | 78 | 57 | 85 | 109 | 120 | 124 |
| Petroleum: | 1,030 | 577 | 440 | 340 | 356 | 340 | 307 | 321 | 313 |
| Manufacturing: | 174 | 202 | 193 | 207 | 240 | 281 | 305 | 309 | 295 |
| Trade: | 20 | 31 | 31 | 35 | 45 | 46 | 40 | 60 | 68 |
| Other industries: | 238 | 238 | 193 | 90 | 107 | 89 | 103 | 112 | 90 |
| Europe, total: | 899 | 978 | 908 | 1,092 | 1,474 | 1,874 | 1,895 | 2,102 | 2,045 |
| Mining and smelting: | 2 | 2 | 2 | 2 | 1 | 4 | 5 | 4 | 4 |
| Petroleum: | 275 | 422 | 330 | 345 | 438 | 404 | 442 | 428 | 570 |
| Manufacturing: | 487 | 400 | 450 | 606 | 817 | 1,073 | 1,074 | 1,214 | 1,186 |
| Trade: | 107 | 87 | 101 | 128 | 170 | 200 | 183 | 229 | 248 |
| Other industries: | 18 | 7 | 14 | 12 | 13 | 23 | 31 | 27 | 29 |
| Other areas, total: | 640 | 541 | 617 | 608 | 837 | 851 | 1,014 | 1,326 | 1,578 |
| Mining and smelting: | 40 | 37 | 48 | 56 | 68 | 94 | 89 | 83 | 60 |
| Petroleum: | 424 | 345 | 300 | 423 | 475 | 495 | 545 | 691 | 730 |
| Manufacturing: | 115 | 114 | 116 | 138 | 216 | 249 | 270 | 340 | 423 |
| Trade: | 12 | 18 | 21 | 26 | 48 | 83 | 64 | 79 | 80 |
| Other industries: | 40 | 37 | 43 | 36 | 40 | 30 | 27 | 27 | 31 |

* Revised. * Estimated on the basis of company projections. * Includes "other Western Hemisphere."

Notes.—Details may not add to totals because of rounding in this and the following tables.

Table 2.—Plant and Equipment Expenditures Abroad by U.S. Manufacturing Companies, by Area and Major Commodity, 1960-65

(Millions of dollars)

| Area and Years | Total | Food products | Paper and allied products | Chemicals | Rubber products | Primary and fabricated metals | Machinery excluding electrical | Electrical machinery | Transportation equipment | Other manufacturing |
|--------------------------|-------|---------------|---------------------------|-----------|-----------------|-------------------------------|--------------------------------|----------------------|--------------------------|---------------------|
| All areas, total: | | | | | | | | | | |
| 1960 | 1,337 | 97 | 78 | 297 | 68 | 133 | 132 | 304 | 350 | 182 |
| 1961 | 1,897 | 116 | 71 | 278 | 91 | 109 | 208 | 341 | 473 | 188 |
| 1962 | 1,941 | 126 | 85 | 308 | 91 | 163 | 214 | 177 | 563 | 183 |
| 1963 | 2,183 | 139 | 134 | 438 | 98 | 204 | 232 | 164 | 380 | 224 |
| 1964 | 2,730 | 154 | 142 | 571 | 102 | 262 | 282 | 188 | 710 | 239 |
| 1965 | 2,533 | 127 | 133 | 640 | 94 | 234 | 208 | 107 | 969 | 242 |
| Canada: | | | | | | | | | | |
| 1960 | 384 | 30 | 55 | 75 | 15 | 49 | 17 | 30 | 63 | 50 |
| 1961 | 285 | 20 | 54 | 55 | 18 | 65 | 40 | 31 | 60 | 52 |
| 1962 | 458 | 28 | 75 | 75 | 10 | 87 | 38 | 66 | 65 | 51 |
| 1963 | 535 | 30 | 100 | 140 | 10 | 60 | 20 | 40 | 61 | 40 |
| 1964 | 710 | 20 | 103 | 163 | 22 | 108 | 47 | 40 | 145 | 60 |
| 1965 | 657 | 23 | 90 | 130 | 20 | 80 | 60 | 43 | 183 | 48 |
| Latin America: | | | | | | | | | | |
| 1960 | 207 | 24 | 7 | 40 | 12 | 11 | 8 | 18 | 47 | 31 |
| 1961 | 250 | 37 | 5 | 48 | 10 | 33 | 0 | 27 | 62 | 30 |
| 1962 | 283 | 35 | 6 | 68 | 12 | 20 | 10 | 35 | 81 | 40 |
| 1963 | 304 | 39 | 9 | 94 | 17 | 10 | 10 | 19 | 80 | 53 |
| 1964 | 360 | 39 | 13 | 111 | 19 | 15 | 20 | 27 | 92 | 31 |
| 1965 | 268 | 10 | 11 | 70 | 17 | 13 | 18 | 20 | 60 | 29 |
| Europe: | | | | | | | | | | |
| Common Market: | | | | | | | | | | |
| 1960 | 328 | 17 | 3 | 44 | 11 | 10 | 72 | 21 | 128 | 22 |
| 1961 | 475 | 30 | 3 | 63 | 11 | 10 | 105 | 36 | 181 | 27 |
| 1962 | 648 | 30 | 4 | 54 | 20 | 28 | 83 | 44 | 245 | 35 |
| 1963 | 534 | 29 | 7 | 83 | 26 | 46 | 100 | 30 | 185 | 51 |
| 1964 | 584 | 32 | 5 | 83 | 22 | 41 | 104 | 37 | 214 | 40 |
| 1965 | 582 | 33 | 6 | 70 | 20 | 34 | 128 | 40 | 217 | 44 |
| Other Europe: | | | | | | | | | | |
| 1960 | 290 | 18 | 3 | 42 | 15 | 30 | 24 | 18 | 74 | 35 |
| 1961 | 372 | 17 | 4 | 40 | 15 | 48 | 38 | 30 | 141 | 31 |
| 1962 | 405 | 21 | 8 | 51 | 12 | 43 | 65 | 41 | 122 | 41 |
| 1963 | 500 | 24 | 10 | 71 | 18 | 40 | 60 | 51 | 183 | 64 |
| 1964 | 630 | 42 | 6 | 97 | 12 | 44 | 62 | 50 | 201 | 80 |
| 1965 | 600 | 37 | 6 | 85 | 12 | 45 | 74 | 42 | 220 | 104 |
| Other areas: | | | | | | | | | | |
| 1960 | 138 | 8 | 12 | 28 | 10 | 13 | 10 | 10 | 23 | 13 |
| 1961 | 216 | 12 | 5 | 63 | 28 | 26 | 13 | 17 | 39 | 18 |
| 1962 | 249 | 12 | 4 | 70 | 23 | 15 | 18 | 17 | 71 | 18 |
| 1963 | 379 | 17 | 3 | 76 | 31 | 37 | 17 | 15 | 65 | 20 |
| 1964 | 446 | 22 | 15 | 118 | 27 | 62 | 19 | 25 | 138 | 20 |
| 1965 | 422 | 25 | 19 | 104 | 25 | 32 | 19 | 22 | 110 | 17 |

* Revised. * Estimated on the basis of company projections. * Includes "other Western Hemisphere."

ities, and possibly some long-term borrowing. There was some increase in the use of foreign financial institutions, which provided about \$400 million in 1963, but the sale of equity securities to foreign investors was down a little at \$334 million.

Financing of Affiliates from External Sources Abroad
(Millions of dollars)

| | Total | Mining and smelting | Petroleum | Manufacturing |
|-----------------------------------------|-------|---------------------|-----------|---------------|
| Total: | | | | |
| 1962..... | 1,521 | 107 | 890 | 524 |
| 1963..... | 2,146 | 142 | 777 | 1,227 |
| Borrowing from financial institutions: | | | | |
| 1962..... | 307 | 12 | 144 | 151 |
| 1963..... | 404 | 12 | 212 | 180 |
| Funds from foreign affiliates: | | | | |
| 1962..... | 23 | 18 | 14 | -7 |
| 1963..... | 18 | 18 | -90 | 99 |
| Other increases in foreign liabilities: | | | | |
| 1962..... | 806 | 4 | 213 | 474 |
| 1963..... | 1,234 | 62 | 390 | 843 |
| Issues of equity securities: | | | | |
| 1962..... | 385 | 45 | 51 | 287 |
| 1963..... | 334 | 10 | 140 | 176 |
| Other foreign sources: | | | | |
| 1962..... | 140 | 8 | 79 | 53 |
| 1963..... | 66 | (*) | 117 | -21 |

*Less than \$500,000.

Uses of funds

While plant and equipment expenditures in 1963 continued to absorb the major portion of available funds—\$4.4 billion out of total resources (less income distributions) of \$7.6 billion—funds required to add to inventories, receivables and other assets jumped to a record \$3.1 billion. Thus, out of the total increase of \$1.6 billion in financing in 1963, fixed investments used \$.4 billion and additions to current and other assets used \$1.2 billion.

Inventories of manufacturing affiliates expanded considerably in 1963, but the increase was less in relation to the sales gain than in recent years.

Petroleum inventories increased very little. Receivables were considerably increased relative to sales, however, by manufacturing affiliates operating in Canada and Europe, and receivables of petroleum companies increased by smaller but still substantial amounts in Europe and Asia.

Much of the upsurge in financing requirements in 1963 resulted from the addition of \$1.2 billion to "other" assets of the foreign affiliates. The nature of these assets is not identified in the

reports supplied by the companies; they range from investments in the stock of existing companies—or their outright acquisition—to accumulations of liquid assets in the form of deposits or government obligations. Investments in other enterprises were sizable for the petroleum industry in Canada.

Methodological Note

Basic data used in this article are supplied by a sample of 460 U.S. firms reporting on Form DE-133, Sources and Uses of Funds of U.S. Direct Investments Abroad. The reports are completed by most firms in the early summer months of the current year, giving data on sources and uses of funds, and sales of each foreign affiliate for the preceding calendar year, and providing projections of plant and equipment expenditures for the current year (referred to as the 1-year

ahead projection) and for the following year. Thus, reports filed by mid-year 1964 gave an actual plant and equipment figure for 1963, together with projections for 1964 and 1965.

The benchmark data for all of the series are provided in the comprehensive survey covering 1957, published in U.S. *Business Investments in Foreign Countries in 1957*. The sample has been gradually expanded over the years; the coverage and blow-up procedures for each major series are as follows:

Plant and equipment expenditures

Reported and expanded estimates of plant and equipment expenditures for 1963 are as follows:

(In millions of dollars)

| | Reported data | Estimated total | Percent reported |
|--------------------------|---------------|-----------------|------------------|
| All industries..... | 5,517 | 8,058 | 78 |
| Mining and smelting..... | 806 | 288 | 77 |
| Petroleum..... | 1,042 | 1,089 | 87 |
| Manufacturing..... | 1,491 | 2,159 | 69 |
| Trade..... | 242 | 254 | 95 |
| Other industries..... | 136 | 264 | 62 |

Table 3.—Plant and Equipment Expenditures of Direct Foreign Investments, by Country and Major Industry, 1962-65

(Millions of dollars)

| | 1962 | | | 1963 | | | 1964 * | | | 1965 * | | |
|-----------------------------------------------------|---------------------|-----------|---------------|---------------------|-----------|---------------|---------------------|-----------|---------------|---------------------|-----------|---------------|
| | Mining and smelting | Petroleum | Manufacturing | Mining and smelting | Petroleum | Manufacturing | Mining and smelting | Petroleum | Manufacturing | Mining and smelting | Petroleum | Manufacturing |
| All areas, total..... | 438 | 1,028 | 1,341 | 438 | 1,089 | 2,153 | 431 | 1,040 | 2,738 | 416 | 2,045 | 2,533 |
| Canada..... | 245 | 300 | 468 | 135 | 375 | 535 | 224 | 398 | 718 | 202 | 398 | 557 |
| Latin American Republics, total..... | 63 | 277 | 274 | 75 | 245 | 308 | 84 | 309 | 348 | 78 | 309 | 349 |
| Mexico, Central America and West Indies, total..... | 5 | 44 | 33 | 7 | 42 | 65 | 12 | 47 | 112 | 10 | 34 | 66 |
| Mexico..... | 5 | 2 | 30 | 5 | 10 | 60 | 10 | 2 | 108 | 8 | 2 | 38 |
| Other countries..... | (**) | 42 | 3 | 2 | 32 | 5 | 2 | 35 | 4 | 2 | 24 | 6 |
| South America, total..... | 56 | 223 | 223 | 68 | 208 | 206 | 64 | 242 | 223 | 69 | 243 | 184 |
| Argentina..... | (*) | 38 | 115 | (*) | 12 | 88 | (*) | 14 | 43 | (*) | 13 | 64 |
| Brazil..... | 3 | 4 | 63 | 2 | 3 | 67 | 4 | 2 | 63 | 4 | 3 | 54 |
| Chile..... | 20 | (*) | 4 | 25 | 4 | 4 | (*) | 6 | 28 | (*) | 0 | 0 |
| Colombia..... | (*) | 39 | 7 | (*) | 30 | 22 | (*) | 42 | 26 | (*) | 36 | 24 |
| Peru..... | 27 | 0 | 8 | 18 | 10 | 12 | 10 | 12 | 26 | 29 | 11 | 15 |
| Venezuela..... | (*) | 146 | 26 | (*) | 142 | 10 | (*) | 107 | 18 | (*) | 175 | 18 |
| Other countries..... | 2 | (*) | 3 | 1 | (*) | 4 | 1 | (*) | 5 | 2 | (*) | 5 |
| Other Western Hemisphere..... | 31 | 82 | 7 | 34 | 62 | 37 | 64 | 52 | 14 | 46 | 44 | 17 |
| Europe, total..... | 4 | 404 | 963 | 5 | 642 | 1,084 | 4 | 628 | 1,214 | 4 | 576 | 1,088 |
| Common Market, total..... | (**) | 200 | 648 | 1 | 396 | 634 | 1 | 303 | 594 | 1 | 276 | 592 |
| Belgium and Luxembourg..... | (**) | 0 | 28 | (**) | 11 | 38 | (**) | 24 | 48 | (**) | 21 | 38 |
| France..... | (**) | 74 | 190 | (**) | 56 | 110 | (**) | 78 | 131 | (**) | 60 | 139 |
| Germany..... | (**) | 115 | 361 | (**) | 181 | 391 | (**) | 84 | 210 | (**) | 80 | 235 |
| Italy..... | (**) | 20 | 36 | (**) | 55 | 80 | (**) | 138 | 81 | (**) | 82 | 62 |
| Netherlands..... | (**) | 42 | 22 | (**) | 30 | 30 | (**) | 46 | 28 | (**) | 58 | 47 |
| Other Europe, total..... | 4 | 225 | 405 | 4 | 280 | 580 | 3 | 265 | 830 | 3 | 236 | 590 |
| Denmark..... | (**) | 30 | 5 | (**) | 37 | 5 | (**) | 22 | 6 | (**) | 26 | 4 |
| Norway..... | (**) | 7 | 8 | (**) | 8 | 12 | (**) | 0 | 12 | (**) | 11 | 13 |
| Spain..... | (**) | 7 | 11 | (**) | 20 | 28 | (**) | 12 | 20 | (**) | 18 | 11 |
| Sweden..... | (**) | 28 | 14 | (**) | 25 | 17 | (**) | 27 | 14 | (**) | 26 | 14 |
| Switzerland..... | (**) | 4 | 10 | (**) | 4 | 10 | (**) | 18 | 11 | (**) | 12 | 13 |
| United Kingdom..... | (**) | 124 | 309 | (**) | 140 | 349 | (**) | 138 | 628 | (**) | 175 | 512 |
| Other countries..... | 4 | 22 | 10 | 3 | 22 | 94 | 3 | 43 | 29 | 3 | 34 | 29 |
| Africa, total..... | 85 | 178 | 12 | 58 | 184 | 24 | 53 | 250 | 95 | 24 | 242 | 97 |
| North Africa..... | (**) | 137 | (**) | (**) | 120 | 1 | (**) | 183 | 1 | (**) | 186 | 1 |
| East Africa..... | (**) | 16 | (**) | (**) | 14 | (**) | (**) | 14 | 1 | (**) | 10 | (**) |
| West Africa..... | (**) | 43 | 11 | 38 | 8 | 3 | (**) | 24 | 14 | (**) | 20 | 52 |
| Central and South Africa, total..... | 26 | 13 | 11 | 20 | 13 | 30 | 37 | 63 | 94 | 37 | 37 | 44 |
| Union of South Africa..... | 14 | (*) | 11 | 15 | (*) | 19 | (*) | 40 | 20 | (*) | 20 | 44 |
| Other countries..... | 12 | (*) | 0 | 5 | (*) | 1 | (*) | 1 | 4 | (*) | (*) | (**) |
| Asia, total..... | 1 | 178 | 115 | 2 | 397 | 114 | 2 | 346 | 163 | 2 | 433 | 157 |
| Middle East..... | (**) | 72 | 6 | (**) | 126 | 5 | (**) | 127 | 6 | (**) | 170 | 6 |
| Far East, total..... | 1 | 106 | 109 | 2 | 171 | 111 | 2 | 200 | 157 | 2 | 263 | 152 |
| India..... | (**) | 20 | 20 | (**) | 17 | 17 | (**) | 28 | 28 | (**) | 28 | 26 |
| Japan..... | (**) | 60 | 60 | (**) | 49 | 49 | (**) | 63 | 63 | (**) | 73 | 73 |
| Philippines Republic..... | (**) | 15 | 1 | (**) | 20 | 1 | (**) | 44 | 1 | (**) | 34 | 1 |
| Other countries..... | 1 | (*) | 9 | 1 | (*) | 25 | 1 | (*) | 28 | 1 | (*) | 18 |
| Oceania, total..... | 24 | 78 | 122 | 20 | 64 | 139 | 26 | 54 | 249 | 30 | 61 | 186 |
| Australia..... | 24 | (*) | 110 | 20 | (*) | 120 | 26 | (*) | 280 | 30 | (*) | 150 |
| Other countries..... | (**) | 3 | 3 | (**) | 3 | 3 | (**) | 5 | 5 | (**) | (*) | 0 |
| International shipping..... | 63 | (**) | (**) | 48 | (**) | (**) | 45 | (**) | (**) | (**) | (**) | (**) |

*Included in area total. **Less than \$500,000. *Revised. *Estimated on the basis of company projections.

For the three major industries, mining, petroleum and manufacturing, estimates are made by linking back each country/industry cell to the last year for which the estimate is considered final, and supplementing the percentage change indicated by matching samples of foreign affiliates with data on newly reported affiliates and from other relevant sources. For manufacturing affiliates the stratification is carried to a two-digit SIC level. Data for the smaller industries are expanded in a similar way, but no attempt is made to obtain a sample large enough to warrant derivation of country data.

Sales of Foreign Affiliates

Although most of the firms reporting on Form BE-133 include data for sales, no attempt has been made since the 1957 survey to develop a total for all industries. For some industries—trade and distribution, finance and insurance, and contractual services—coverage has been small and data on sales or revenues are not very significant for economic analysis. For the petroleum industry data on physical production or refinery capacity can be developed, but the computation of an unduplicated dollar value of sales is so complex that it cannot be done annually with available resources. Consequently, sales data have been developed and published annually in detail only for the manufacturing affiliates, with occasional estimates of the sales of foreign mining affiliates.

For manufacturing affiliates the reported sample and the expanded estimates of total sales for 1963 are as follows:

(Millions of dollars)

| | Reported data | Estimated total | Percent reported |
|--------------------|---------------|-----------------|------------------|
| All areas..... | 21,411 | 31,317 | 68 |
| Canada..... | 4,443 | 10,267 | 43 |
| Latin America..... | 2,736 | 4,238 | 64 |
| Europe..... | 3,978 | 13,410 | 29 |
| Other areas..... | 2,254 | 3,038 | 74 |

Sources and Uses of Funds

The computation of universe estimates for sources and uses of funds of foreign affiliates from the sample returns is done only for the three major industries for which sample coverage is adequate, and is benchmarked on complete reports for 1957. Certain of the items—net income, funds from the United States, income paid out and retained earnings—are related to data reported by a much larger group of companies on quarterly reports (BE-577 and BE-578) required for the compilation of the balance of payments accounts. This relationship is illustrated in the following table:

Reconciliation of Data on Capital Flows and Earnings, 1963
(Millions of dollars)

| | Total reported (indus-tries) | Mining and smelt-ing | Petro-leum | Manu-facturing |
|--------------------------------------------------------------------------------------------|------------------------------|----------------------|------------|----------------|
| Net capital outflow appearing in balance of payments accounts..... | 1,591 | 64 | 810 | 716 |
| Less: | | | | |
| Purchase of existing enterprises and indirectly in-vested..... | 263 | | 71 | 182 |
| Retained branch profits..... | -52 | -2 | -51 | 1 |
| Plus: | | | | |
| U.S. financing, other than parent..... | (*) | -35 | (*) | 25 |
| Other adjustments and residual..... | -1 | 9 | -1 | -9 |
| Equals: | | | | |
| Net funds from U.S. (table 2)..... | 1,369 | 41 | 769 | 559 |
| Undistributed earnings of subsidiaries consistent with balance of payments accounting..... | 1,169 | 54 | 132 | 863 |
| Plus: | | | | |
| Undistributed earnings of minority interests..... | 341 | 63 | 52 | 127 |
| Retained branch profits..... | -52 | -2 | -51 | 1 |
| Other adjustments and residual..... | 169 | 13 | 78 | 83 |
| Equals: | | | | |
| Retained earnings as derived from table 2..... | 1,458 | 128 | 262 | 1,068 |

* Not actually included in U.S. balance of payments statement.
* Negligible.

With these more broadly based estimates, and the estimates for plant and equipment expenditures established, the principal remaining items requiring estimation are funds obtained abroad, depreciation and depletion charges, inventories, receivables, and "other" assets. Of these, the annual change in depreciation charges is relatively regular; for the others the changes indicated by the sample reported are used as a base, but a balancing of individual items is required to effect a reconciliation of total sources and uses. Because the changes in working capital items are often erratic, the estimates for these items are subject to a considerable range of error, though it is believed the principal trends are correctly indicated.

Definition of Foreign Affiliates

As used in this article the term "foreign affiliate" applies to unincorporated foreign branches of U.S. firms, or foreign corporations in which U.S. companies have a directly held voting interest of 25 percent or more. In practice, the voting interest is predominantly in the range of 75 percent or more.

The data used for each affiliate are taken for its entire operation—no reduction is made to allow for the interest of foreign stockholders in the operations of the affiliate. This tends to inflate somewhat the U.S. interest in these firms, but no practical way exists, in this context, for other procedures to be used. Also, the reports do not cover operations of secondary foreign affiliates (i.e., affiliates owned through a foreign corporation itself directly owned in the United States) when they are not consolidated by the reporter.

Table 4.—Domestic and Foreign Expenditures for Plant and Equipment in Selected Industries, 1962-64

(Millions of dollars)

| Industry | Expenditures 1962 ¹ | | | | Expenditures 1963 | | | | Expenditures 1964 ² | | | |
|--------------------------------------------------------|--------------------------------|-----------|-----------|------------------------------|-------------------|-----------|-----------|------------------------------|--------------------------------|-----------|-----------|------------------------------|
| | Total | Do-mestic | For- eign | Per-cent of foreign to total | Total | Do-mestic | For- eign | Per-cent of foreign to total | Total | Do-mestic | For- eign | Per-cent of foreign to total |
| Manufacturing, total for man-ufactured industries..... | 9,438 | 7,660 | 1,778 | 18.8 | 10,090 | 8,168 | 1,922 | 19.1 | 12,341 | 9,458 | 2,883 | 23.4 |
| Food products..... | 1,110 | 900 | 210 | 18.9 | 1,102 | 870 | 232 | 21.0 | 1,174 | 1,020 | 154 | 13.1 |
| Paper and allied products..... | 835 | 720 | 115 | 13.7 | 851 | 720 | 131 | 15.3 | 1,102 | 900 | 202 | 18.2 |
| Chemicals..... | 1,848 | 1,360 | 488 | 26.4 | 2,045 | 1,610 | 435 | 21.3 | 2,321 | 1,740 | 581 | 25.0 |
| Rubber products..... | 321 | 220 | 101 | 31.5 | 336 | 240 | 96 | 28.6 | 372 | 270 | 102 | 27.4 |
| Primary and fabricated metals..... | 1,092 | 930 | 162 | 14.8 | 1,304 | 1,100 | 204 | 15.6 | 1,022 | 1,300 | 282 | 27.6 |
| Machinery, except electrical..... | 1,484 | 1,270 | 214 | 14.4 | 1,472 | 1,240 | 232 | 15.8 | 1,812 | 1,530 | 282 | 15.6 |
| Electrical machinery..... | 857 | 680 | 177 | 20.7 | 854 | 680 | 174 | 20.3 | 886 | 670 | 216 | 24.4 |
| Transportation equipment..... | 1,885 | 1,300 | 585 | 31.0 | 2,120 | 1,600 | 520 | 24.5 | 2,508 | 1,890 | 718 | 28.6 |
| Mining and petroleum..... | 6,426 | 3,885 | 2,541 | 39.5 | 6,247 | 3,960 | 2,287 | 36.6 | 8,031 | 4,530 | 2,271 | 28.3 |

¹ Revised. ² Estimated on basis of company projections. ³ Excludes primary iron and steel producers.

NOTE.—Foreign expenditures include acquisitions of existing fixed assets, which are excluded from the domestic series.

Table 5.—Sales by Direct Foreign Investments, Principal Commodities by Areas, 1957 and 1959-63

(Millions of dollars)

| Areas and years | Manu-facturing total | Food products | Paper and allied products | Chem-icals | Rubber products | Primary and fabricated metals | Machin-ery ex-cluding electrical | Electrical machin-ery | Transporta-tion equip-ment | Other prod-ucts |
|-----------------------------|----------------------|---------------|---------------------------|------------|-----------------|-------------------------------|----------------------------------|-----------------------|----------------------------|-----------------|
| All areas, total: | | | | | | | | | | |
| 1957..... | 18,331 | 2,487 | 881 | 2,411 | 908 | 1,548 | 1,908 | 2,047 | 4,228 | 1,389 |
| 1959..... | 20,870 | 2,810 | 940 | 2,990 | 1,040 | 1,890 | 2,200 | 2,188 | 5,140 | 1,300 |
| 1960..... | 23,315 | 3,220 | 1,045 | 3,280 | 1,170 | 1,980 | 2,490 | 2,280 | 6,170 | 1,310 |
| 1961..... | 26,195 | 3,370 | 1,045 | 3,515 | 1,216 | 1,975 | 2,735 | 2,470 | 6,000 | 1,790 |
| 1962..... | 27,714 | 3,338 | 1,183 | 4,245 | 1,367 | 2,023 | 2,810 | 2,880 | 6,885 | 2,890 |
| 1963..... | 31,517 | 3,667 | 1,399 | 4,533 | 1,415 | 2,233 | 2,811 | 3,220 | 7,962 | 3,315 |
| Canada: | | | | | | | | | | |
| 1957..... | 7,897 | 828 | 708 | 897 | 272 | 927 | 886 | 1,080 | 1,485 | 642 |
| 1959..... | 8,440 | 1,050 | 805 | 1,070 | 290 | 960 | 750 | 1,030 | 1,600 | 680 |
| 1960..... | 8,555 | 1,050 | 845 | 1,150 | 310 | 930 | 798 | 1,040 | 1,650 | 930 |
| 1961..... | 8,684 | 1,075 | 840 | 1,206 | 345 | 940 | 760 | 1,000 | 1,450 | 965 |
| 1962..... | 8,375 | 1,116 | 920 | 1,250 | 380 | 1,045 | 790 | 1,115 | 1,730 | 1,030 |
| 1963..... | 10,287 | 1,142 | 969 | 1,332 | 386 | 1,148 | 831 | 1,308 | 2,090 | 1,120 |
| Latin America: ¹ | | | | | | | | | | |
| 1957..... | 2,435 | 608 | 58 | 499 | 229 | 111 | 66 | 120 | 375 | 292 |
| 1959..... | 2,830 | 740 | 68 | 570 | 250 | 100 | 80 | 120 | 470 | 340 |
| 1960..... | 2,180 | 750 | 70 | 820 | 280 | 100 | 100 | 245 | 710 | 310 |
| 1961..... | 2,610 | 780 | 54 | 698 | 300 | 160 | 115 | 605 | 770 | 440 |
| 1962..... | 2,999 | 820 | 103 | 848 | 382 | 163 | 114 | 675 | 785 | 500 |
| 1963..... | 4,285 | 940 | 120 | 1,000 | 310 | 125 | 120 | 380 | 738 | 540 |
| Europe: ² | | | | | | | | | | |
| 1957..... | 6,212 | 784 | 24 | 872 | 267 | 435 | 1,009 | 878 | 1,708 | 834 |
| 1959..... | 7,696 | 760 | 36 | 1,080 | 290 | 470 | 1,210 | 770 | 2,332 | 740 |
| 1960..... | 9,310 | 808 | 60 | 1,240 | 360 | 500 | 1,428 | 898 | 2,970 | 880 |
| 1961..... | 10,570 | 1,120 | 70 | 1,310 | 400 | 640 | 1,635 | 1,038 | 3,070 | 1,125 |
| 1962..... | 11,780 | 1,185 | 80 | 1,700 | 460 | 715 | 1,860 | 1,238 | 3,230 | 1,230 |
| 1963..... | 13,610 | 1,285 | 95 | 2,040 | 430 | 840 | 1,890 | 1,470 | 4,180 | 1,380 |
| Other areas: | | | | | | | | | | |
| 1957..... | 1,485 | 188 | 23 | 132 | 184 | 76 | 123 | 96 | 685 | 116 |
| 1959..... | 1,910 | 250 | 31 | 248 | 280 | 78 | 180 | 120 | 730 | 140 |
| 1960..... | 2,160 | 250 | 30 | 298 | 220 | 70 | 190 | 120 | 940 | 170 |
| 1961..... | 2,320 | 275 | 45 | 345 | 225 | 85 | 225 | 120 | 710 | 200 |
| 1962..... | 2,654 | 265 | 68 | 385 | 245 | 90 | 265 | 140 | 870 | 238 |
| 1963..... | 2,865 | 320 | 75 | 440 | 294 | 150 | 220 | 180 | 1,020 | 270 |

¹ Includes "other Western Hemisphere."

Table 6.—Sales by Direct Investment Manufacturing Enterprises Abroad

(Millions of dollars)

| Area and country | 1957 | 1959 | 1960 | 1961 | 1962 | 1963 |
|--------------------------------------|--------|--------|--------|--------|--------|--------|
| All areas, total | 18,331 | 20,870 | 22,318 | 25,118 | 27,714 | 31,317 |
| Canada | 7,897 | 8,440 | 8,603 | 8,663 | 9,378 | 10,387 |
| Latin America, total | 2,438 | 2,830 | 3,180 | 3,640 | 3,998 | 4,285 |
| Argentina | 385 | 429 | 600 | 804 | 824 | 808 |
| Brazil | 659 | 764 | 870 | 910 | 1,076 | 1,095 |
| Mexico | 643 | 781 | 770 | 828 | 976 | 1,076 |
| Venezuela | 268 | 304 | 360 | 374 | 380 | 450 |
| Other countries | 480 | 425 | 470 | 605 | 749 | 810 |
| Europe, total | 6,312 | 7,580 | 8,310 | 10,678 | 11,780 | 13,610 |
| Belgium, Netherlands, and Luxembourg | 410 | 401 | 505 | 740 | 800 | 900 |
| France | 763 | 789 | 905 | 1,167 | 1,440 | 1,700 |
| Germany | 1,116 | 1,373 | 1,825 | 2,204 | 2,000 | 2,000 |
| Italy | 230 | 234 | 320 | 474 | 573 | 730 |
| United Kingdom | 3,328 | 4,088 | 4,714 | 6,078 | 6,263 | 5,000 |
| Other countries | 485 | 374 | 843 | 922 | 1,100 | 1,230 |
| Other areas, total | 1,683 | 1,916 | 2,144 | 2,229 | 2,588 | 3,031 |
| Australia | 787 | 933 | 1,035 | 1,047 | 1,303 | 1,340 |
| Japan | 217 | 240 | 290 | 330 | 440 | 430 |
| Philippine Republic | 118 | 141 | 140 | 107 | 105 | 190 |
| Republic of South Africa | 300 | 292 | 305 | 315 | 365 | 425 |
| Other countries | 263 | 304 | 348 | 398 | 285 | 340 |

* Revised. † Includes "other Western Hemisphere."

Table 7.—Exports by Foreign Manufacturing Affiliates, 1962* and 1963

(Millions of dollars)

| Area and industry | Exports to U.S. | Exports to other countries |
|---------------------------------|-----------------|----------------------------|
| | 1962 | 1963 |
| All areas, total | 1,088 | 1,002 |
| Food products | 128 | 127 |
| Paper and allied products | 354 | 283 |
| Chemicals | 115 | 136 |
| Rubber products | 18 | 8 |
| Primary and fabricated metals | 105 | 163 |
| Machinery, excluding electrical | 100 | 97 |
| Electrical machinery | 18 | 20 |
| Transportation equipment | 10 | 78 |
| Other products | 105 | 100 |
| Canada, total | 814 | 619 |
| Food products | 30 | 20 |
| Paper and allied products | 364 | 283 |
| Chemicals | 80 | 61 |
| Rubber products | 6 | 5 |
| Primary and fabricated metals | 100 | 142 |
| Machinery, excluding electrical | 60 | 63 |
| Electrical machinery | 3 | 26 |
| Transportation equipment | 44 | 46 |
| Other products | 144 | 105 |
| Latin America, total | 70 | 75 |
| Food products | 60 | 50 |
| Paper and allied products | (*) | (*) |
| Chemicals | 15 | 20 |
| Rubber products | 6 | 5 |
| Primary and fabricated metals | (*) | (*) |
| Machinery, excluding electrical | (*) | (*) |
| Electrical machinery | (*) | (*) |
| Transportation equipment | (*) | (*) |
| Other products | (*) | (*) |
| Europe, total | 130 | 115 |
| Food products | 6 | 16 |
| Paper and allied products | 16 | 10 |
| Chemicals | 16 | 10 |
| Rubber products | 6 | 5 |
| Primary and fabricated metals | 10 | 10 |
| Machinery, excluding electrical | 10 | 10 |
| Electrical machinery | 10 | 10 |
| Transportation equipment | 10 | 10 |
| Other products | 10 | 10 |
| Other areas, total | 65 | 83 |
| Food products | 40 | 47 |
| Paper and allied products | 6 | 5 |
| Chemicals | 5 | 10 |
| Rubber products | 3 | 2 |
| Primary and fabricated metals | 10 | 10 |
| Machinery, excluding electrical | 1 | 0 |
| Electrical machinery | (*) | (*) |
| Transportation equipment | (*) | (*) |
| Other products | 10 | 10 |

* Revised. * Less than \$500,000. † Includes "other Western Hemisphere."

Table 8.—Exports from the United States and Sales by Direct Investment Enterprises Abroad of Selected Manufactures, by Area, 1957, 1962-63

(Millions of dollars)

| Commodities | All areas, total | | | Canada | | | Latin America ¹ | | | Europe | | | Other Areas | | |
|-------------------------------|------------------|--------|--------|--------|-------|-------|----------------------------|-------|-------|--------|-------|--------|-------------|-------|-------|
| | 1957 | 1962 | 1963 | 1957 | 1962 | 1963 | 1957 | 1962 | 1963 | 1957 | 1962 | 1963 | 1957 | 1962 | 1963 |
| Selected manufactures: | | | | | | | | | | | | | | | |
| Foreign sales | 12,438 | 14,396 | 22,047 | 5,341 | 6,185 | 6,977 | 1,454 | 2,539 | 2,619 | 4,586 | 5,450 | 10,125 | 1,386 | 1,970 | 2,295 |
| U.S. exports | 7,636 | 8,781 | 9,334 | 1,868 | 1,977 | 2,110 | 1,632 | 2,308 | 2,546 | 1,226 | 2,435 | 2,584 | 1,799 | 2,258 | 2,436 |
| Paper and allied products: | | | | | | | | | | | | | | | |
| Foreign sales | 867 | 1,189 | 2,260 | 709 | 822 | 909 | 53 | 300 | 190 | 34 | 88 | 06 | 22 | 00 | 74 |
| U.S. exports | 324 | 347 | 507 | 63 | 78 | 73 | 97 | 93 | 100 | 91 | 173 | 105 | 71 | 115 | 134 |
| Chemicals: | | | | | | | | | | | | | | | |
| Foreign sales | 2,411 | 2,443 | 4,832 | 607 | 1,350 | 1,332 | 480 | 640 | 1,000 | 322 | 1,760 | 2,040 | 198 | 395 | 440 |
| U.S. exports | 1,370 | 1,771 | 1,943 | 240 | 267 | 301 | 467 | 419 | 470 | 353 | 600 | 650 | 320 | 485 | 516 |
| Rubber products: | | | | | | | | | | | | | | | |
| Foreign sales | 968 | 1,307 | 1,413 | 972 | 360 | 385 | 220 | 302 | 310 | 202 | 400 | 430 | 196 | 256 | 289 |
| U.S. exports | 308 | 332 | 318 | 43 | 54 | 63 | 62 | 65 | 58 | 97 | 119 | 116 | 98 | 94 | 97 |
| Machinery, except electrical: | | | | | | | | | | | | | | | |
| Foreign sales | 1,003 | 3,010 | 3,311 | 605 | 798 | 881 | 00 | 114 | 120 | 1,099 | 1,686 | 1,090 | 133 | 265 | 330 |
| U.S. exports | 3,160 | 3,027 | 3,982 | 370 | 347 | 911 | 1,067 | 844 | 773 | 567 | 1,145 | 1,200 | 730 | 1,051 | 1,000 |
| Electrical machinery: | | | | | | | | | | | | | | | |
| Foreign sales | 2,047 | 2,850 | 3,220 | 1,680 | 1,115 | 1,300 | 198 | 379 | 300 | 678 | 1,229 | 1,470 | 99 | 149 | 164 |
| U.S. exports | 610 | 910 | 1,084 | 240 | 250 | 293 | 281 | 229 | 221 | 114 | 263 | 350 | 100 | 199 | 257 |
| Transportation equipment: | | | | | | | | | | | | | | | |
| Foreign sales | 4,228 | 4,406 | 7,040 | 1,488 | 1,730 | 2,080 | 375 | 785 | 790 | 1,700 | 2,290 | 4,100 | 585 | 870 | 1,030 |
| U.S. exports | 1,868 | 1,378 | 1,500 | 383 | 443 | 670 | 719 | 465 | 421 | 124 | 149 | 169 | 350 | 304 | 400 |

¹ Includes "other Western Hemisphere." ² Excludes civilian aircraft.

Table 9.—Sources and Uses of Funds of Direct Foreign Investments, by Area and Selected Industry, 1961-63

(Millions of dollars)

| Area and industry | Total sources | | | Net income | | | Funds from United States | | | Funds obtained abroad ¹ | | | Depreciation and depletion | | |
|-----------------------------------|---------------|-------------------|--------|------------|-------------------|-------|--------------------------|-------------------|-------|------------------------------------|-------------------|-------|----------------------------|-------------------|-------|
| | 1961 | 1962 ² | 1963 | 1961 | 1962 ² | 1963 | 1961 | 1962 ² | 1963 | 1961 | 1962 ² | 1963 | 1961 | 1962 ² | 1963 |
| All areas, total | 8,287 | 8,877 | 10,396 | 3,383 | 3,833 | 4,214 | 1,247 | 1,043 | 1,389 | 1,571 | 1,621 | 2,146 | 3,196 | 2,314 | 2,657 |
| Mining and smelting | 813 | 900 | 870 | 479 | 494 | 493 | 16 | 66 | 41 | 115 | 107 | 302 | 253 | 297 | 234 |
| Petroleum | 3,060 | 3,788 | 4,057 | 1,553 | 1,534 | 1,953 | 748 | 340 | 769 | 301 | 800 | 777 | 1,069 | 1,066 | 1,481 |
| Manufacturing | 4,414 | 4,969 | 5,469 | 1,351 | 1,805 | 1,768 | 200 | 571 | 559 | 977 | 986 | 1,267 | 988 | 1,012 | 1,379 |
| Canada, total | 1,882 | 2,186 | 2,363 | 780 | 995 | 1,065 | 231 | 281 | 192 | 229 | 329 | 333 | 437 | 580 | 714 |
| Mining and smelting | 330 | 388 | 347 | 161 | 178 | 187 | 9 | 66 | 24 | 140 | 19 | 70 | 60 | 100 | 114 |
| Petroleum | 840 | 870 | 768 | 400 | 419 | 419 | 90 | 17 | 148 | 20 | 84 | 300 | 217 | 210 | 277 |
| Manufacturing | 712 | 928 | 1,248 | 219 | 298 | 258 | 122 | 29 | 66 | 60 | 221 | 182 | 340 | 370 | 399 |
| Latin America, total ¹ | 1,761 | 1,744 | 1,903 | 674 | 1,016 | 978 | 169 | -37 | 204 | 186 | 233 | 348 | 411 | 539 | 577 |
| Mining and smelting | 281 | 329 | 304 | 219 | 240 | 234 | -29 | -29 | 14 | -10 | 31 | 15 | 102 | 80 | 107 |
| Petroleum | 918 | 854 | 884 | 477 | 607 | 642 | 44 | -147 | 34 | -10 | 44 | -44 | 404 | 346 | 365 |
| Manufacturing | 572 | 611 | 633 | 178 | 202 | 199 | 30 | 182 | 166 | 206 | 147 | 178 | 106 | 111 | 122 |
| Europe, total | 2,078 | 2,447 | 3,228 | 793 | 1,048 | 1,111 | 567 | 643 | 573 | 733 | 870 | 1,104 | 853 | 668 | 781 |
| Mining and smelting | 8 | 0 | 12 | 0 | 0 | 0 | (³) | 3 | 7 | -3 | (³) | -1 | 2 | 1 | 1 |
| Petroleum | 770 | 747 | 1,048 | 37 | 67 | 67 | 360 | 255 | 331 | 130 | 190 | 491 | 198 | 230 | 231 |
| Manufacturing | 1,300 | 1,700 | 2,148 | 756 | 981 | 1,034 | 227 | 290 | 235 | 596 | 666 | 673 | 564 | 437 | 549 |
| Other areas, total | 2,606 | 2,330 | 2,629 | 1,028 | 1,248 | 1,411 | 317 | 283 | 426 | 282 | 286 | 569 | 389 | 296 | 431 |
| Mining and smelting | 124 | 179 | 152 | 58 | 44 | 08 | 27 | 28 | 44 | -15 | 31 | 15 | 24 | 26 | 2 |
| Petroleum | 1,474 | 1,594 | 1,945 | 790 | 854 | 1,064 | 240 | 154 | 276 | 161 | 180 | 290 | 234 | 275 | 28 |
| Manufacturing | 490 | 557 | 532 | 180 | 217 | 249 | 50 | 100 | 100 | 116 | 145 | 251 | 69 | 95 | 122 |

USES OF FUNDS

| Area and industry | Total uses | Property, plant and equipment | Inventories | Receivables | Other assets ¹ | Income paid out |
|-----------------------------------|------------|-------------------------------|-------------|-------------|---------------------------|-----------------|
| | 1961 | 1962 | 1963 | 1961 | 1962 | 1963 |
| All areas, total | 8,217 | 8,877 | 10,396 | 3,544 | 4,047 | 4,440 |
| Mining and smelting | 813 | 900 | 870 | 27 | 45 | 38 |
| Petroleum | 3,060 | 3,788 | 4,057 | 51 | 119 | 202 |
| Manufacturing | 4,414 | 4,969 | 5,469 | 376 | 863 | 1,198 |
| Canada, total | 1,852 | 2,186 | 2,363 | 845 | 1,043 | 1,193 |
| Mining and smelting | 300 | 388 | 347 | 16 | 20 | 12 |
| Petroleum | 835 | 870 | 768 | 316 | 300 | 375 |
| Manufacturing | 717 | 928 | 1,248 | 163 | 723 | 806 |
| Latin America, total ¹ | 1,761 | 1,744 | 1,903 | 643 | 716 | 721 |
| Mining and smelting | 201 | 329 | 304 | 37 | 89 | 109 |
| Petroleum | 918 | 854 | 884 | 300 | 339 | 307 |
| Manufacturing | 672 | 611 | 633 | 260 | 281 | 306 |
| Europe, total | 2,038 | 2,447 | 3,228 | 1,481 | 1,631 | 1,734 |
| Mining and smelting | 8 | 0 | 12 | 0 | 0 | 0 |
| Petroleum | 770 | 747 | 1,048 | 438 | 484 | 642 |
| Manufacturing | 1,260 | 1,700 | 2,148 | 1,043 | 1,147 | 1,092 |
| Other areas, total | 2,666 | 2,330 | 2,629 | 750 | 833 | 903 |
| Mining and smelting | 124 | 179 | 152 | 60 | 94 | 88 |
| Petroleum | 1,470 | 1,594 | 1,945 | 478 | 605 | 625 |
| Manufacturing | 490 | 557 | 532 | 210 | 249 | 249 |

* Less than \$500,000. * Revised. † Includes miscellaneous sources.

¹ Includes "other Western Hemisphere." ² Includes miscellaneous uses.